

HOW THE WAR AGAINST PARAGUAY WRECKED THE ONLY SUCCESSFUL ATTEMPT AT INDEPENDENT DEVELOPMENT

The man sat beside me in silence. The strong noonday light outlined his sharp-nosed, high-cheekboned profile. We had left the southern frontier bound for Asunción in a bus for twenty persons which by some alchemy contained fifty. There was a halt after a few hours. We sat in an open patio under the shade of thick leaves. Before us stretched the blinding brilliance of the red earth, immense, unpopulated, untouched: from horizon to horizon nothing disturbed the transparency of the Paraguayan air. We smoked. My companion, a Guaraní-speaking peasant, strung together a few sad words in Spanish: "We Paraguayans are poor and few." He explained that he'd gone down to Encarnación to look for work but had found none. He'd managed to scrape up some pesos for the fare home. Years earlier, as a child, he'd tried his fortune in Buenos Aires and southern Brazil. Now it was cotton-picking time and many Paraguayan braceros were taking off, as they did every year, for Argentina. "But I'm sixty-three. All that crowd going after the jobs—my heart can't take it."

In the last twenty years, half a million Paraguayans have left their country once and for all. Poverty drives out the inhabitants of what was, until a century ago, South America's most advanced country. Today Paraguay's population is barely double what it was then and, with Bolivia, it is one of the poorest and most backward countries in the hemisphere. The woes of the Paraguayans stem from a war of extermination which was the most infamous chapter in South American history: the War of the Triple Alliance, they called it. Brazil, Argentina, and Uruguay joined in committing genocide. They left no stone unturned, nor male inhabitants amid the ruins. Although Britain took no direct part in the ghastly deed, it was in the pockets of British merchants, bankers, and industrialists that the loot ended up. The invasion was financed from start to finish by the Bank of London, Baring Brothers, and the Rothschild bank, in loans at exorbitant interest rates which mortgaged the fate of the victorious countries.

Until its destruction, Paraguay stood out as a Latin American exception—the only country that foreign capital had not deformed. The long, iron-fisted dictatorship of Gaspar Rodríguez de Francia (1814-1840)

had incubated an autonomous, sustained development process in the womb of isolation. The all-powerful paternalist state filled the place of a nonexistent national bourgeoisie in organizing the nation and orienting its resources and its destiny. Francia had used the peasant masses to crush the Paraguayan oligarchy, and had established internal peace by erecting a *cordon sanitaire* between Paraguay and the other countries of the old La Plata viceroyalty. Expropriations, exilings, jails, persecutions, and fines had been used—not to consolidate the internal power of landlords and merchants, but for their destruction. Political liberties and the right of opposition neither existed nor would come into being later, but in that historical stage the lack of democracy only disturbed people who were nostalgic for lost privileges. There were no great private fortunes when Francia died, and Paraguay was the only Latin American country where begging, hunger, and stealing were unknown;* travelers of the period found an oasis of tranquillity amid areas convulsed by continuous wars. The U.S. agent Hopkins informed his government in 1845 that in Paraguay there was no child who could not read and write. It was also the only country that did not have its eyes riveted on the other side of the ocean. Foreign trade was not the axis of national life; liberal doctrine, the ideological expression of the global market, had no answer to the defiant attitude that Paraguay—forced by its inland isolation to grow inward—adopted from the beginning of the century. Extermination of the oligarchy enabled the state to gather its economic mainsprings into its own hands, to put this autarchic internal development policy into effect.

The succeeding governments of Carlos Antonio López and his son Francisco Solano continued and vitalized the task. The economy was in full growth. When the invaders appeared on the horizon in 1865, Paraguay had telegraphs, a railroad, and numerous factories manufacturing construction materials, textiles, linens, ponchos, paper and ink,

* In official histories, Francia appears as a star in a chamber of horrors. The optical distortions imposed by liberalism are not a monopoly of Latin America's ruling classes; many Left intellectuals who look at our countries' history through alien spectacles accept certain myths, canonizations, and excommunications of the Right. Pablo Neruda's *Canto General* pays moving homage to the Latin American peoples, but clearly reveals this distortion. Neruda pays no attention to Artigas, or to Carlos Antonio or Francisco López, and instead identifies with Sarmiento. He calls Francia a "leprous king" and is no more amiable with Rosas.²⁴

crocery, and gunpowder. Two hundred foreign technicians, handsomely paid by the state, made a decisive contribution. From 1850 on, the Ibycui foundry made guns, mortars, and ammunition of all calibers; the arsenal in Asunción produced bronze cannon, howitzers, and ammunition. The steel industry, like all other essential economic activities, belonged to the state. The country had a merchant fleet, and the Asunción shipyard turned out many of the ships flying the Paraguayan flag on the Paraná and across the Atlantic and Mediterranean. The state virtually monopolized foreign trade; it supplied yerba-maté and tobacco to the southern part of the continent and exported valuable woods to Europe. The trade balance produced a big surplus. With a strong and stable currency, Paraguay was wealthy enough to carry out great public works without recourse to foreign capital. It did not owe one penny abroad, yet was able to maintain the best army in South America, hire British technicians to serve the state instead of putting the state at their service, and send some university students to finish their studies in Europe. The economic surplus from agricultural production was not squandered by an oligarchy (which did not exist); nor did it pass into the pockets of middlemen and loan sharks, or swell the profits of the British Empire's freight and insurance men. The imperialist sponge, in short, did not absorb the wealth the country produced. Ninety-eight percent of Paraguayan territory was public property: the state granted holdings to peasants in return for permanently occupying and farming them, without the right to sell them. There were also sixty-four "*estancias de la patria*," haciendas directly administered by the state. Irrigation works, dams and canals, and new bridges and roads substantially helped to raise agricultural production. The native tradition of two crops a year, abandoned by the conquistadors, was revived. The lively encouragement of Jesuit traditions undoubtedly contributed to this creative process.*

* Fanatical monks of the Society of Jesus, "the Pope's black guard," had become defenders of the medieval order against the new forces bursting upon the European stage. But in Hispanic America Jesuit missions developed along progressive lines. They came to cleanse by abnegation and ascetic example a Catholic Church which had surrendered to sloth and the untrammelled exploitation of the goods the Conquest had made available to the clergy. It was the Paraguayan missions that reached the highest level; in little more than a century and a half (1603-1768), they fully justified the aims of their founders. The Jesuits used music to draw in Guaraní Indians who had sought shelter in the forest, and who had stayed there rather than join in the "civilizing process" of the encomenderos and landlords. Thus 150,000 Guaranís were able to move back into their

The state pursued a tough protectionist policy—much reinforced in 1864—over national industry and the internal market; internal waterways were closed to the British ships which bombarded the rest of Latin America with Manchester and Liverpool products. British commerce did not hide its concern, not only because this last bastion of national resistance in the heart of the continent seemed invulnerable, but also and especially because of the dangerous example set to its neighbors by Paraguayan obstinacy. Latin America's most progressive country was building its future without foreign investment, without British bank loans, and without the blessings of free trade.

But as Paraguay progressed, so did its need to break out of its seclusion. Industrial development called for closer and more direct contacts with the international market and with sources of advanced techniques. Paraguay was effectively blockaded by Argentina on one side and Brazil on the other, and both could starve its lungs of oxygen by closing the river mouths (as did Rivadavia and Rosas) or imposing arbitrary taxes on its merchandise in transit. In any event, it was indispensable for the consolidation of the oligarchical state to cut short the scandal of this odious country, which was sufficient unto itself and objected to bowing down before British merchants.

Britain's minister in Buenos Aires, Edward Thornton, played a substantial role in preparing for the war. When it was about to break out, he participated as a government advisor in Argentine cabinet meetings, sitting beside President Mitre. The web of provocations and deceptions, which ended with a Brazilian-Argentine agreement that sealed Paraguay's fate, was woven under Thornton's fatherly gaze. Venancio Flores invaded Uruguay, aided in his intervention by its two

primitive community organization and revive their traditional arts and crafts. The latifundio system was unknown in the missions; the soil was cultivated partly to satisfy individual needs and partly to develop projects of common concern and to acquire the necessary work tools, which were common property. The Indians' life was intelligently organized; musicians and artisans, farmers, weavers, actors, painters, and builders gathered in workshops and schools. Money was unknown; traders were barred from entering and had to transact any business from hotels at an appropriate distance.

The Crown finally succumbed to the *criollo encomenderos'* pressure and the Jesuits were expelled from Latin America. Landlords and slave traders went in pursuit of the Indians. Corpses hung from trees in the missions; whole communities were sold in Brazilian slave markets. Many Indians took to the forest again. The Jesuits' libraries were used to fuel ovens or to make gunpowder cartridges.²⁵

big neighbors, and after the Paysandú massacre he set up an administration in Montevideo subservient to Rio de Janeiro and Buenos Aires. The Triple Alliance was on the road. Paraguayan President Solano López had threatened war in the event of an attack on Uruguay: he knew that this would close an iron pincers around the throat of his country, corralled as it was by geography and the enemy. Nevertheless, liberal historian Efraím Cardozo stoutly maintains that López stood up to Brazil merely because he was offended: the emperor had refused him the hand of one of his daughters. The conflict was inevitable, but it was Mercury's work, not Cupid's.

The Buenos Aires press called López "the Attila of America": "He must be killed like a reptile," thundered the editorials. In September 1864, Thornton sent a long confidential report to London, datelined Asunción. He described Paraguay as Dante described the inferno, but put stress where it belonged: "Import duties on nearly all articles are 20 or 25 percent *ad valorem*; but since this value is calculated on the current price of the articles, the duty that is paid often amounts to 40 to 45 percent of the invoice price. Export duties are from 10 to 20 percent of value. . . ." In April 1865 the Buenos Aires English language daily, *The Standard*, was already hailing Argentina's declaration of war on Paraguay, whose president had "violated all the usages of civilized nations," and was announcing that Argentine President Mitre's sword "will hold high in its victorious course, in addition to the weight of past glories, the irresistible thrust of public opinion in a just cause." The treaty with Brazil and Uruguay was signed on May 1, 1865; its draconian terms were published a year later in the London *Times*, which got the text from banker-creditors in Argentina and Brazil. The future victors divided up the spoils of the vanquished in advance. Argentina was to get the whole territory of Misiones and the vast Chaco; Brazil got a fat slice west of its frontiers. Uruguay, ruled by a puppet of both powers, got nothing.

Mitre announced that he would take Asunción in three months, but the war lasted five years. It was a carnage from the beginning to end of the chain of forts defending the Río Paraguay. The "opprobrious tyrant" Solano López was a heroic embodiment of the national will to survive; at his side the Paraguayan people, who had known no war for half a century, immolated themselves. Men and women, young and old, fought like lions. Wounded prisoners tore off their bandages so that they

would not be forced to fight against their brothers. In 1870 López, at the head of an army of ghosts, old folk, and children who had put on false beards to make an impression from a distance, headed into the forest. The invading troops set upon the debris of Asunción with knives between their teeth. When bullets and spears finally finished off the Paraguayan president in the thickets of Cerro Corá, he managed to say: "I die with my country!"—and it was true. Paraguay died with him. López had previously ordered the shooting of his brother and a bishop who accompanied him on this caravan of death. The invaders came to redeem the Paraguayan people, and exterminated them. When the war began, Paraguay had almost as large a population as Argentina. Only 250,000, less than one-sixth, survived in 1870. It was the triumph of civilization. The victors, ruined by the enormous cost of the crime, fell back into the arms of the British bankers who had financed the adventure. The slave empire of Pedro II, whose armies were filled with slaves and prisoners, nevertheless won more than 20,000 square miles of territory—plus labor, for the Paraguayan prisoners who were marched off to work on the São Paulo coffee plantations were branded like slaves. The Argentina of President Mitre, who had crushed his own federal leaders, came out with 36,000 square miles of Paraguayan territory, as well as other booty: "The prisoners and other war matériel we will divide in a convenient form," he wrote. Uruguay, where the heirs of Artigas had been killed or defeated and an oligarchy ruled, participated in the war as a junior partner and without reward. Some Uruguayan soldiers sent into the Paraguayan campaign had boarded the ships with bound hands. The financial bankruptcy of the three countries deepened their dependency on Britain. The Paraguay massacre left its mark on them forever.*

Brazil had performed the role the British had assigned it when they moved the Portuguese throne to Rio de Janeiro. Lord Canning's instructions to the ambassador, Viscount Strangford, early in the

* Solano López lives on in memory. When, in September 1969, Rio de Janeiro's National Historical Museum announced it would dedicate a window to the Paraguayan president, the military was furious. General Mourão Filho, who had set off the coup d'état in 1964, told the press: "A wind of madness is sweeping the country. . . . Solano López is a figure who should be erased forever from our history, as a paradigm of the uniformed South American dictator. He was a butcher who destroyed Paraguay, leading it into an impossible war."

nineteenth century, had been clear: make Brazil an emporium for British manufactures designed for consumption in all South America. Shortly before going to war, the Argentine president, inaugurating a new *British* railway line, made an impassioned speech: "What is the force driving this progress? Gentlemen, it is British capital!" In defeated Paraguay it was not only the population and great chunks of territory that disappeared, but customs tariffs, foundries, rivers closed to free trade, and economic independence. Within its shrunken frontiers, the conquerors implanted free trade and the latifundio. Everything was looted and everything was sold: lands and forests, mines, yerba maté farms, school buildings. Successive puppet governments were installed in Asunción by the occupation forces. The war was hardly over when the first foreign loan in Paraguay's history fell upon the smoking ruins. It was, of course, British. Its nominal value was £1 million, but a good deal less than half of this reached Paraguay; in ensuing years refinancing raised the debt to more than £3 million. The Opium War had ended in 1842 with a free-trade treaty signed in Nanking, consecrating the right of British traders to introduce the drug unrestrictedly into China; now the flag of free trade flew over Paraguay too. Cotton farming was abandoned and Manchester ruined textile production; the national industry never came back to life.

The Colorado Party, which now rules Paraguay, makes breezy mileage with the heroes' memory, but exhibits at the foot of its founding charter the signatures of twenty-two traitors to Solano López, "legionnaires" who served with the Brazilian occupation troops. Dictator Alfredo Stroessner, who has spent the last fifteen years turning Paraguay into a large concentration camp, did his military training under Brazilian generals, who sent him back with high marks and warm eulogies: "He is worthy of a great future. . . ." During his reign Stroessner has bestowed on Brazil and its U.S. masters the dominant place occupied in previous decades by Anglo-Argentine interests. Brazil and Argentina, which "liberated" Paraguay in order to gobble it up, have taken turns since 1870 enjoying the fruits of the plunder. But they have their own crosses to bear from the imperialist power of the moment. Paraguay has the double burden of imperialism and subimperialism. The British Empire used to be the main link in the chain of dependencies, but today the United States, understanding only too well the geopolitical

importance of this country at the center of South America, maintains countless advisors who train and advise the armed forces, cook up economic plans, refashion the university to their taste, invent a new "democratic" policy for the country, and reward the generous services of the regime with burdensome loans.* Paraguay is also a colony of other colonies. Using agrarian reform as a pretext, the Stroessner government annulled the legal ban on selling frontier lands to foreigners, and today even state lands have fallen into the hands of Brazilian coffee latifundistas. The invading wave has crossed the Río Paraná with the complicity of the president, in partnership with Portuguese-speaking landowners. When I arrived at Paraguay's shifting northeastern frontier, I had banknotes engraved with the face of the defeated Solano López, but found that only those bearing the likeness of the victorious Emperor Pedro II are valid. After the passage of a century, the outcome of the War of the Triple Alliance takes on burning actuality. Brazilian guards demand passports from Paraguayan citizens who want only to move around in their own country. The flags and the churches are Brazilian. The land piracy also takes in the Guairá falls, the greatest potential source of energy in all Latin America; it is now called—in Portuguese—Sete Quedas. There, it has been announced, Brazil will build the world's largest hydroelectric station.

Subimperialism has a thousand faces. When President Johnson decided in 1965 to drown the Dominicans in blood, Stroessner sent along some Paraguayan soldiers to help him out. In a sinister jest, the battalion was called "Marshal Solano López." The Paraguayans were under a Brazilian general's orders, for it was Brazil that received the Judas honors: its General Panasco Alvim headed Latin America's uniformed accomplices in the massacre. There are other similar examples. Paraguay gave Brazil an oil concession on its territory, but the fuel distribution and petrochemical business in Brazil is in U.S. hands. The Brazilian Cultural Mission reigns over the philosophy and education departments of Paraguay's university, but North Americans now run Brazil's universities. The Paraguayan army's general staff receives advice not

* Before the 1968 elections General Stroessner visited the United States. "When I interviewed President Johnson," he told *Agence France Presse*, "I showed him that I had been fulfilling the prime ministerial function for twelve years by mandate of the polls. Johnson replied that was another reason for continuing to exercise it in the next period."

only from Pentagon technicians but also from Brazilian generals who, in turn, are to the Pentagon as an echo to a voice. Through open contraband channels, Brazilian industrial products invade the Paraguayan market, but the São Paulo factories that produce them have belonged to U.S. corporations since the denationalizing avalanche of recent years.

Stroessner considers himself the heir to López. How can the Paraguay of a century ago be mentioned in the same breath with the Paraguay of today, the emporium of La Plata basin smuggling and the kingdom of institutionalized corruption? Yet at a political demonstration where the government party claimed both Paraguays at once to stormy applause and cheers, a boy openly hawked contraband cigarettes from a vendor's tray: the fervent gathering puffed nervously at Kents, Marlboros, Camels, and Benson & Hedges. The scanty middle class in Asunción drinks Ballantine's whiskey instead of Paraguayan aguardiente. In the streets one sees late-model luxury cars made in the United States or Europe, brought in as contraband or after payment of a trifling customs duty, moving beside ox-drawn carts slowly bringing fruit to the market: the soil is worked with wooden plows and the taxis are 1970 Impalas. Stroessner defines contraband as "the price of peace": the generals fill their pockets and hatch no plots. Industry, of course, enters its death throes before it can grow. The state does not even implement the decree requiring preference for domestic products in public spending. In this area the only triumphs proudly displayed by the government are the Coca-Cola and Pepsi-Cola plants, installed at the end of 1966 as a U.S. contribution to the progress of the Paraguayan people.

The state declares that it will only intervene directly in the creation of enterprises "when the private sector shows no interest,"²⁶ and the Banco Central informs the International Monetary Fund that it "has decided to establish a regime of free exchange and abolish restrictions on trade and on currency transactions." A booklet published by the Ministry of Industry and Trade advises investors that the country grants "special concessions to foreign capital." Foreign concerns are exempt from taxes and customs duties so as "to create a propitious climate for investment." The National City Bank of New York recovers all its invested capital in one year of business in Asunción. The foreign bank appropriates the national savings and extends external credits to

Paraguay, credits which further deform its economy and further mortgage its sovereignty. In the countryside, 1.5 percent of proprietors own 90 percent of the cultivated land, and less than 2 percent of the total land area is under cultivation. The official colonization plan in the Caaguazú triangle offers hungry peasants more graves than gain.* The fatherland denies its children the right to work and daily bread, and Paraguayans emigrate en masse.

The furnaces of the Ibycui foundry, where the cannon used in the defense of the invaded fatherland was forged, were constructed in a place now called Mina-cué, which means "It was mine" in Guaraní. There, among the swamps and mosquitos, near a crumbling wall, you can still see the base of a chimney blown up by the invaders a century ago, and pieces of rusted steel that were part of the structure. The few ragged peasants who live in the area don't even know which war it was that caused the destruction, but they say that sometimes at night you can hear the sounds of machinery and hammers, the roar of cannon, and the shouts of soldiers. The Triple Alliance has been a great success.

HOW LOANS AND RAILROADS DEFORMED THE LATIN AMERICAN ECONOMY

René Chateaubriand, France's foreign minister under Louis XVIII, wrote in presumably well-informed disgust: "In the hour of emancipation the Spanish colonies turned into some sort of British colonies."²⁷ He cited some figures. Between 1822 and 1826, he said, Britain had extended to the liberated Spanish colonies ten loans for a nominal value of around £21 million, but after deduction of interest and middlemen's commissions scarcely £7 million had actually reached Latin America. At the same time, more than forty limited stock companies had been created in London to exploit Latin America's natural resources—mines,

* Many peasants have finally opted to return to the minifundio region in the center of the country, or have joined the new exodus to Brazil, where they offer their cheap labor to Curitiba and Mato Grosso yerba maté plantations or Paraná coffee plantations. Most desperate is the plight of the pioneer, who finds himself face to face with the jungle, totally without technical know-how or credit assistance, with government-"granted" lands from which he must wrest enough to eat and to meet his payments—for if he fails to pay the stipulated price he does not get the land title.